

EXHIBIT B

Phillipp Villhauer

July 17, 2012

<p style="text-align: right;">Page 1</p> <p>UNITED STATES SECURITIES AND EXCHANGE COMMISSION</p> <p>In the Matter of:</p> <p>ELAN CORPORATION, PLC)) FILE NO. NY-8152</p> <p>WITNESS: PHILLIPP VILLHAUER</p> <p>PAGES: 1 - 185</p> <p>PLACE: Securities and Exchange Commission 3 World Financial Center New York, New York</p> <p>DATE: July 17, 2012</p> <p>The above-entitled matter came on for hearing at 10:10 a.m.</p>	<p style="text-align: right;">Page 3</p> <p>1 PROCEEDINGS</p> <p>2 MR. RIELY: We are on the record at</p> <p>3 10:10 on July 17, 2012 at the New York Regional</p> <p>4 Office of the SEC.</p> <p>5 PHILLIPP VILLHAUER,</p> <p>6 having first been duly sworn by a Notary</p> <p>7 Public of the State of New York, was examined and</p> <p>8 testified as follows:</p> <p>9 EXAMINATION BY</p> <p>10 MR. RIELY:</p> <p>11 Q. Will you please state and spell your</p> <p>12 full name.</p> <p>13 A. Phillipp, P-H-I-L-L-I-P-P, two Ps on the</p> <p>14 end, V-I-L-L-H-A-U-E-R.</p> <p>15 Q. Any middle name?</p> <p>16 A. No middle name. There might have been a</p> <p>17 middle name that was taken away from me years ago,</p> <p>18 Estadius, but it was because I didn't like it and</p> <p>19 I think my mom might have removed it, so. You</p> <p>20 might see it on there, you might not, but I go by</p> <p>21 Phillipp Villhauer.</p> <p>22 Q. My name is Charles Riely. Also present</p> <p>23 with me are my colleagues Amelia Cottrell and Neil</p> <p>24 Hendelman. We are members of the Division of</p> <p>25 Enforcement of the United States Securities and</p>
<p style="text-align: right;">Page 2</p> <p>1</p> <p>2 APPEARANCES:</p> <p>3</p> <p>4 On behalf of the Securities and Exchange</p> <p>5 Commission</p> <p>6</p> <p>7 CHARLES D. RIELY, ESQ.</p> <p>8 AMELIA A. COTTRELL, ESQ.</p> <p>9 NEIL HENDELMAN</p> <p>10 Securities and Exchange Commission</p> <p>11 3 World Financial Center</p> <p>12 New York, New York 10281</p> <p>13</p> <p>14 MARTIN B. KLOTZ, ESQ.</p> <p>15 MILI G. DESAI, ESQ.</p> <p>16 WILLKIE FARR & GALLAGHER LLP</p> <p>17 787 Seventh Avenue</p> <p>18 New York, New York 10019-6099</p> <p>19</p> <p>20 GEOFFREY CHEPIGA, ESQ.</p> <p>21 PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP</p> <p>22 1285 Avenue of the Americas</p> <p>23 New York, New York 10019-6064</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 4</p> <p>1 Exchange Commission and are officers of the</p> <p>2 Commission for the purposes of this proceeding.</p> <p>3 This is an investigation by the</p> <p>4 Securities and Exchange Commission entitled Elan</p> <p>5 Corporation, PLC, file number NY-8152, to determine</p> <p>6 whether there have been violations of certain</p> <p>7 provisions of the Federal Securities Laws.</p> <p>8 However, the facts developed in this investigation</p> <p>9 might constitute violations of other federal or</p> <p>10 state, civil or criminal laws.</p> <p>11 Prior to opening the record you were</p> <p>12 provided with a copy of the Formal Order of</p> <p>13 Investigation in this matter. It will be available</p> <p>14 for your examination during the course of this</p> <p>15 proceeding. Okay?</p> <p>16 A. Okay.</p> <p>17 Q. Have you had the opportunity to review</p> <p>18 the Formal Order?</p> <p>19 A. I have.</p> <p>20 Q. Prior to the opening of the record you</p> <p>21 were also provided a copy of the Commission</p> <p>22 Supplemental Information Form 1662. A copy of that</p> <p>23 notice has been marked as Exhibit number 1.</p> <p>24 Have you had an opportunity to read</p> <p>25 Exhibit number 1?</p>

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<p style="text-align: right;">Page 113</p> <p>1 THE WITNESS: I have not.</p> <p>2 Q. We looked at e-mails and instant</p> <p>3 messages between you and Mr. Martoma. Is there a</p> <p>4 reason why Mr. Jandovitz wasn't cc'd on the</p> <p>5 e-mails?</p> <p>6 A. I think initially he probably wasn't</p> <p>7 cc'd because of the visibility concern, but at some</p> <p>8 point he was then cc'd in or known about it because</p> <p>9 of probably the journal entries that occurred in</p> <p>10 the account and he was looking at Martoma's account</p> <p>11 and saw that the parameters had changed and the GMV</p> <p>12 had changed and the P&L had changed and at that</p> <p>13 point Matt probably let him know.</p> <p>14 Q. Between Monday, July 21st and Friday,</p> <p>15 July 25th, did anybody besides you and Mr. Cohen</p> <p>16 and Mr. Martoma know about the sell orders in Elan?</p> <p>17 A. I don't recall, but best guess is yes.</p> <p>18 At some point there were probably other people</p> <p>19 trading it. Steve was very open in the mic of</p> <p>20 making sales. So, I'm sure at some point someone</p> <p>21 put two and two together.</p> <p>22 Q. When you say he was open about making</p> <p>23 sales in the mic, what are you referring to?</p> <p>24 A. He would probably say something like,</p> <p>25 sell another 200, and at some point it just, you</p>	<p style="text-align: right;">Page 115</p> <p>1 substance of this investigation, correct?</p> <p>2 A. Correct.</p> <p>3 Q. Can you turn again to Exhibit 36. I</p> <p>4 wanted to direct your attention to the portion of</p> <p>5 the paragraph where it says, "this was executed</p> <p>6 quitey and efficiently over a four day period</p> <p>7 through algos and dark pools."</p> <p>8 A. Yes.</p> <p>9 Q. What did you mean by algos?</p> <p>10 A. Like we talked about earlier, the algos</p> <p>11 are electronic mechanisms to execute, and algos are</p> <p>12 the general term for any electronic execution venue</p> <p>13 that the sell side has been providing us with. And</p> <p>14 the dark pool are exchanges or pockets of liquidity</p> <p>15 that are internalized at those specific firms that</p> <p>16 don't necessarily route out to the open markets,</p> <p>17 i.e., the exchange. So, they sit in this venue and</p> <p>18 if there's a match you execute it, and if you don't</p> <p>19 it's not routed out to like the New York or the</p> <p>20 NASDAQ. So, it was a quiet way for us to find</p> <p>21 liquidity and to, obviously, others to provide</p> <p>22 liquidity.</p> <p>23 Q. In the week of July 21st who made the</p> <p>24 decision as to how to execute the trades in Elan?</p> <p>25 A. Specifically to execute the trades, it</p>
<p style="text-align: right;">Page 114</p> <p>1 know, it's an open room on an open mic and probably</p> <p>2 slowly internally leaked out, best guess.</p> <p>3 Q. When you refer to sell another 200, are</p> <p>4 you referring to his orders in Elan?</p> <p>5 A. Yes.</p> <p>6 Q. And when he gave you the orders the week</p> <p>7 of July 21st, did you refer to the stock price that</p> <p>8 he was giving the order for?</p> <p>9 A. I don't recall. But, you know, Steve is</p> <p>10 a funny guy that you have to kind of understand</p> <p>11 what he is talking about and do it. So, there's a</p> <p>12 chance he said Elan, there's a chance he said sell</p> <p>13 the 200 I knew what he was talking about. But it's</p> <p>14 an open environment and it's fast and notorious and</p> <p>15 I know to this day that Elan wasn't the only stock</p> <p>16 we were trading. There were probably 250 other</p> <p>17 stocks that we were trading at the same time, so.</p> <p>18 Nothing seemed out of source about anything that</p> <p>19 was going on at any point in time.</p> <p>20 MR. RIELY: Off the record at 12:50.</p> <p>21 (Break was taken.)</p> <p>22 MR. RIELY: We are back on the record at</p> <p>23 1:35.</p> <p>24 Q. Mr. Villhauer, while we were off the</p> <p>25 record we didn't have any conversations about the</p>	<p style="text-align: right;">Page 116</p> <p>1 was probably me and some of the other traders who</p> <p>2 were trading it. But, again, I think these trades</p> <p>3 were coming in piece mail. So, any point in time</p> <p>4 if there was a circumstance where the trade moved</p> <p>5 too much there was complete possibility that Steve</p> <p>6 walked away and asked me, you know, how did we</p> <p>7 execute that, what fills did we get, who did we do</p> <p>8 it through and things like that, so.</p> <p>9 Q. Focusing on the trades in the week July</p> <p>10 21st in Elan. Was it you or Mr. Cohen who decided</p> <p>11 to use dark pools and algorithmic trade platform to</p> <p>12 execute trades?</p> <p>13 A. Probably a combination of both. I</p> <p>14 probably suggested it and he probably agreed with</p> <p>15 it.</p> <p>16 Q. What makes you say that?</p> <p>17 A. Just based on the fact that he wanted to</p> <p>18 keep slippage down and, you know, I would guess</p> <p>19 that I probably said, well, the best way to keep</p> <p>20 that down is to execute through algorithms and dark</p> <p>21 pools.</p> <p>22 Q. You referred before to the fact that</p> <p>23 Mr. Cohen wanted to keep internal leakage limited;</p> <p>24 is that correct?</p> <p>25 A. Correct.</p>

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<p style="text-align: right;">Page 117</p> <p>1 Q. What steps did you take to keep the 2 internal leaks limited? 3 A. As far as I remember truly the only step 4 was to talk to operations and create a counter to 5 keep it at limited access, and that was either 6 Rachel D'Antonio or Mike Leaparty. 7 Q. Aside from that step, did you take any 8 other steps to prevent internal leakage? 9 A. No. 10 Q. You used the term internal leakage 11 before, what did you mean by that? 12 A. What I meant by that was an 13 understanding that there are many, many portfolios 14 and portfolio managers at the firm and they were 15 all working independently, and leakage occurs when 16 someone else finds out what the other person is 17 doing. And it doesn't necessarily mean much, but 18 Steve wanted to make sure that as far as trading 19 specific stocks, internal leakage was kept at a 20 minimum of people not knowing what he was doing in 21 certain names at certain times because there are 22 PMs that might have had positions in stocks against 23 it or for it. I mean there's no centralized desk, 24 so. There are oftentimes that PMs are on both 25 sides of the trade and they don't know it, and he</p>	<p style="text-align: right;">Page 119</p> <p>1 A. There were some, I don't know 2 definitely by size, but I know at one point we 3 were sizeable in Citibank, we were sizeable in a 4 Porsche Volkswagon spread that kind of exploded on 5 us too. So, there were a lot of positions that 6 were sizeable based on what the market was doing. 7 Q. The e-mail references 10.5 million 8 shares at an average price of over \$30, so that's 9 over \$300 million of securities in four days, 10 correct? 11 A. Yes. 12 Q. Is there any other case in which you 13 sold over \$300 million of one security in four 14 days? 15 A. I'm sure there were. There were clearly 16 events in '08 that when -- whether it was an 17 earnings play where a company missed earnings that 18 -- there is probably scenarios where we got out of 19 positions in one day, not alone four days. 20 Q. This e-mail is referring to trades 21 before the July 29, 2008 public announcement, do 22 you remember getting out of a position in that 23 security of over \$300 million before a public 24 announcement. 25 A. I don't recall, but based on the amount</p>
<p style="text-align: right;">Page 118</p> <p>1 wanted to keep it that way. 2 Q. In 2008 did Mr. Cohen raise the desire 3 to not have internal leakage with Elan 4 specifically? 5 A. Specifically there was concern with many 6 stocks. Elan was probably brought up as one of 7 those, but it wasn't just Elan. There were -- like 8 I said before, there were sizeable positions on the 9 Intrinsic side that I think concerned him when the 10 market liquidity was falling off rather quickly. 11 Q. What were the other securities in which 12 you had similar concern? 13 A. I don't recall, but the Intrinsic model 14 was essentially run as almost a long only model, so 15 there were a lot of sizeable positions in that 16 book. 17 Q. Exhibit 36 references a position 10.5 18 million shares of Elan in four different 19 portfolios. 20 A. Right. 21 Q. And it references an average price of 22 3,421. 23 A. Right. 24 Q. Are you aware of other positions in 2008 25 that were as big or bigger than the Elan position?</p>	<p style="text-align: right;">Page 120</p> <p>1 of shares we do, it's highly possible that along 2 the way we have done this, and some of them have 3 worked and some of them have not. 4 Q. Sitting here today do you remember a 5 similar trade in 2007, 2008? 6 A. I don't. 7 Q. Who worked with you in making the sale 8 of 10.5 million shares of Elan the week of July 9 21st? 10 A. When you say worked with me, you mean 11 worked on the execution side of it? 12 Q. Let's start with the execution side. 13 Who worked with you on the execution side of these 14 orders? 15 A. I don't recall, but it's entirely 16 possible Tim Jandovitz helped, it's entirely 17 possible that we had a couple other health care 18 traders that knew the space better than I did that 19 helped along the way too. 20 Q. What makes you say that? 21 A. Because that's our model, is that we 22 focus traders on specific sectors and they hone in 23 on that sector, so they have better relationships 24 with the sell side of those sectors, they talk to 25 position traders more often. So our model is set</p>

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